

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 /020 W

-----151021Z 074869 /12

R 150810Z JUN 77

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 2933

INFO AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

UNCLAS PRAGUE 1632

E.O. 11652: N/A

TAGS: ECON, ECRE, EENT, ETRD, US, CZ

SUBJECT: BEWT STUDY OF ON-SITE PERSONNEL PROBLEMS OF U.S.

FIRMS IN EASTERN EUROPE

REF: (A) STATE 127591, (B) PRAGUE 0342 (NOTAL), (C) 76 PRAGUE A-100,
(NOTAL)

1. IN RECENT HISTORY, EMBASSY HAS TALKED TO TWO GROUPS OF AMERICANS WHOSE EXPERIENCES IN CZECHOSLOVAKIA ARE RELEVANT TO QUESTIONNAIRE CONTAINED REF A. UNION CARBIDE (UC) GROUP OF 12 AMCITS AND THEIR FAMILIES (REFS B & C AND PREVIOUS) SPENT ALMOST TWO YEARS IN ZALUZI, NORTHERN BOHEMIA, BEFORE THEIR DEPARTURE EARLIER THIS YEAR. FOUR AMERICAN CHEMICAL ENGINEERS FROM THE LUMMUS COMPANY ARE NOW WORKING AT THE SLOVNAFT TRUST IN BRATISLAVA. ANSWERS TO REF A QUESTIONS FOLLOW. THIS INFORMATION, IS, OF COURSE, PROPRIETARY AND SHOULD NOT BE DIVULGED TO POTENTIAL COMPETITORS.

2. (A) NATURE AND VALUE OF CONTRACT: UC - PROVISION

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OF TECHNOLOGY AND ENGINEERING SERVICES FOR HIGH DENSITY POLYETHYLENE PLANT, TOTAL PROJECT COST WAS \$35-40 MILLION, WITH UC SHARE ABOUT \$4.5 MILLION. LUMMUS - SALE OF ETHYLENE PROCESSING TECHNOLOGY AND INSTALLATION OF COMPUTER CONTROL SYSTEM. VALUE NOT KNOWN.

(B) CZECHOSLOVAK CONTRACTOR: UC - TECHNOEXPORT;
LUMMUS - PRESUMABLY SLOVNAFT OR TECHNOEXPORT.

(C) NUMBER OF ON-SITE AMERICANS: UC - 11 (AT PEAK); LUMMUS - 4 (AT PEAK);

(D) LENGTH OF TIME AND WHERE: UC - ABOUT TWO YEARS IN ZALUZI (ABOUT 2 HOURS DRIVE FROM PRAGUE); LUMMUS - ESTIMATED 8 MONTHS IN BRATISLAVA;

(E) FUNCTION PERFORMED: UC - SUPERVISED INSTALLATION OF EQUIPMENT AND TEST RUNS; LUMMUS - SUPERVISED INSTALLATION OF EQUIPMENT AND, PRESUMABLY, TEST RUNS.

(F) PROVISION OF PERSONNEL: UC - CONSTRUCTION JOHN BROWN OF UK WAS PRIME CONTRACTOR; PROVISION OF AMCIT PERSONNEL WAS PRESUMABLY STIPULATED IN SUBCONTRACT SIGNED BY UC; LUMMUS - NOV AVAILABLE;

(G) CONTRACTURAL PROVISIONS: UC - AMCIT FELT STRONGLY THAT UC SHOULD HAVE PINNED DOWN CZECHOSLOVAKS (AND PERHAPS CJB) MUCH MORE SPECIFICALLY ON PROBLEMS AFFECTING THEM (HOUSING, VISAS, SCHOOLING, ETC.) IN INITIAL NEGOTIATIONS; SEE REF C; LUMMUS - WE UNDERSTAND AMCITS HAVE NO SERIOUS COMPLAINTS;

(H) LOCAL LIAISON AVAILABLE; BOTH - PRESUMABLY YES, BUT EMBASSY HAS NO DETAILS; NEITHER FIRM PROVIDED LIAISON PERSONS CAPABLE OF SPEAKING CZECH (UC) OR SLOVAK (LUMMUS).

(I) ACCOMMODATIONS: UC - AFTER A LONG WAIT IN HOTELS, FAMILIES WERE GROUPED TOGETHER IN NEW BUT SHABBY AND CRAMPED APARTMENT HOUSE ON OUTSKIRTS OF ZALUZI ABOUT 10 KILOMETERS FROM WORK SITE; FURNISHINGS WERE SPARSE BUT ADEQUATE, INCLUDING HEAT AND BASIC KITCHEN APPLIANCES; EMPLOYEES HAD THEIR OWN CARS, RENTED IN AUSTRIA BY UC; LUMMUS - AMCITS UNCLASSIFIED

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WERE ACCOMMODATED IN STANDARD (NOT LUXURY) HOTELS, AND EMBASSY KNOWS OF NO COMPLAINTS;

(J) MEALS: BOTH - NO INFORMATION AVAILABLE; NO COMMISSARIES AVAILABLE;

(K) SALARY AND PER DIEM: BOTH - NO INFORMATION AVAILABLE.

(L) MEDICAL AND DENTAL CARE: BOTH - AMCITS USED LOCAL SERVICES OR WENT TO FRG OR AUSTRIA;

(M) LEISURE ACTIVITIES: BOTH - NO SPECIAL CONSIDERATIONS WERE GIVEN TO AMCITS, BUT ENTERTAINMENT AND SOME CULTURAL EVENTS (ESPECIALLY IN PRAGUE FOR UC) WERE AVAILABLE; LOCAL POLICE KEPT CLOSE EYE ON UC (AND PRESUMABLY LUMMUS) GROUP, BUT SOME FRATERNIZATION WITH LOCALS OCCURRED;

(N) COMMUNICATIONS AND CUSTOMS: BOTH - AMCITS RECEIVED NO SPECIAL CONSIDERATION; THEY EXPERIENCED SAME FRUSTRATIONS AS LOCALS;

(O) R AND R: BOTH - AMCITS WERE ON THEIR OWN BUT COULD TRAVEL TO NEARBY WESTERN COUNTRIES AND WITHIN CSSR; AS REF C AND PREVIOUS DETAIL. UC GROUP

HAD MANY VISA PROBLEMS WHICH EMBASSY FINALLY STRAIGHTENED OUT BY EXERTING PRESSURE ON MFA IN PRAGUE.

(P) WORKING CONDITIONS: UC - PROJECT WAS DELAYED CONSIDERABLY DUE BOTH TO NORMAL CZECHOSLOVAK BOTTLENECKS AND POOR CJB DESIGN; LUMMUS - AMCITS ARE QUITE IMPRESSED WITH QUALITY OF CZECHOSLOVAK COUNTERPARTS. ALL CONTACTS SPEAK GOOD ENGLISH AND ARE WELL TRAINED (MOSTLY IN CSSR AND USSR) AND COOPERATIVE.

(Q) TRAVEL: SEE PARAGRAPH 2 (O) ABOVE.

(R) OTHER: NO INFORMATION AVAILABLE. US HAS NO TAXATION AGREEMENT WITH CZECHOSLOVAKIA.

(S) DEPENDENTS: UC - FAMILY MEMBERS ACCOMPANIED U.S. PERSONNEL AND ENCOUNTERED NUMEROUS PROBLEMS IN HOUSING, SCHOOLING, ETC. SCHOOL AGE CHILDREN WERE INITIALLY ENROLLED IN LOCAL SCHOOL BUT ARRANGEMENT DID NOT WORK OUT AND U.S. MOTHERS RESORTED TO TUTORING AT HOME. LUMMUS - SOME DEPENDENTS ARE IN BRATISLAVA BUT THERE ARE NO SCHOOL AGE CHILDREN AND NO COMPLAINTS HAVE BEEN REGISTERED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONNEL, REPORTS, STUDIES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PRAGUE01632
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770213-0548
Format: TEL
From: PRAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770654/aaaabvfs.tel
Line Count: 140
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1216777c-c288-dd11-92da-001cc4696bcc
Office: ACTION COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 127591, 77 PRAGUE 342, 76 PRAGUE A-100
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2142215
Secure: OPEN
Status: NATIVE
Subject: BEWT STUDY OF ON-SITE PERSONNEL PROBLEMS OF U.S. FIRMS IN EASTERN EUROPE
TAGS: ECON, ECRE, EEW, ETRD, US, CZ
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1216777c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009